

SPEEDY HIRE Plc
("Speedy" or "the Group")

Results for the six months to 30 September 2015

Speedy, the tools, equipment and plant hire services company, operating across the construction, infrastructure and industrial markets, announces results for the six months ended 30 September 2015 and confirms that the Group expects to deliver a result for the full year in line with the Board's expectations, as detailed in the Company's trading update published on 28 September 2015.

Headline Numbers

	6 months ended 30 September 2015 (£m)	6 months ended 30 September 2014 (£m)
Group revenue	165.0	189.3
UK and Ireland	155.2	176.3
International	9.8	13.0
Group EBITDA¹	25.6	37.5
Group EBITA¹	4.5	13.8
UK and Ireland	7.0	20.3
International	0.1	(3.3)
Adjusted PBT¹	2.0	10.3
Earnings per share¹	0.29p	1.39p
ROCE (%)^{1,2}	5.2%	8.4%
ROCE (excluding international)^{1,2}	6.3%	11.6%
Net debt	102.6	104.4
Interim dividend (pence per share)	0.30p	0.30p

¹ Before amortisation (£1.3m) and exceptional costs (£14.2m)

² Based on a rolling 12 month period

Operational Update

- Remedial actions to address legacy performance issues are starting to deliver results
 - Reductions in administrative costs expected to deliver full year savings of c.£13m from prior year
 - Redistribution of assets across depot network improving asset availability
 - Ongoing IT system upgrades providing enhanced management information and an improved customer experience
- Programmes to improve customer retention and acquisition being implemented
 - Emphasis on improved customer service provision
 - Focus on innovation and differentiation
 - Sales function aligned to better address the needs of both Strategic and SME customers
- Full benefits of remedial actions will be realised over the medium term

Commenting on the results Russell Down, Chief Executive, said:

"Following a disappointing and challenging start to the year, reflected in the results we are announcing today, we are beginning to see the benefits of the remedial actions put in place to address the various legacy issues.

These are early days in the Group's recovery and the full benefits will only be realised over the medium term. However, remedial actions implemented to date have started to stabilise our revenue base and we are expecting to see an improvement in the second half.

Whilst our markets remain competitive, Speedy remains a fundamentally good business which in a more lean, efficient and customer-focussed form, has the potential to once again deliver sustainable profitable growth."

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Notes to Editors:

Founded in 1977, Speedy is a leading UK provider of tools, equipment and plant hire services to a wide range of clients across the construction, infrastructure, industrial, manufacturing and facilities management sectors - as well as to local trade and industry. The Group provides complementary support services through the provision of training, asset management and testing, repair, inspection and maintenance (TRIM). The Group operates from 212 fixed sites across the UK and Ireland together with a number of on-site facilities.

Forward looking statements

This announcement contains forward looking statements. These have been made by the directors in good faith using information available up to the date on which they approved this report. The directors can give no assurance that these expectations will prove to be correct. Due to the inherent uncertainties, including both business and economic risk factors underlying such forward looking statements, actual results may differ materially from those expressed or implied by these forward looking statements. Except as required by law or regulation, the directors undertake no obligation to update any forward looking statements whether as a result of new information, future events or otherwise.

Chief Executive's Statement

Overview

The business had a challenging and disappointing start to the year and this is reflected in the result for the period.

When it became apparent that the Group was experiencing a significant decline in revenue, the Board initiated an urgent review which identified a number of factors including:

- A lack of focus on SME customers
- Poor execution of a number of business improvement programmes, including the implementation of a new IT and Management Information system, resulting in the unavailability of key products in many of our depots
- A lack of ownership, empowerment and accountability within the business

Following the conclusion of the Board's review and the announcement of its findings on 1 July 2015, Mark Rogerson stood down as Chief Executive, Jan Åstrand was appointed Executive Chairman and I was appointed Chief Executive.

We immediately set about implementing a number of remedial actions to address the legacy issues identified:

- A realignment of the sales function to better address the needs of both our Strategic clients and the SME market
- A programme to increase engineering resources, redistribute assets throughout the depot network to improve asset availability, and optimise asset levels
- Improvements to the IT system to enhance management information and the customer experience
- A leaner, more effective operational structure and administrative cost base to more closely align costs with revenues

As a result of these actions:

- We have a clearer understanding of the SME market and are putting in place more targeted initiatives to win business in this core segment
- Our network is increasingly better resourced with the correct types and quantities of assets
- We expect to achieve a reduction in administrative costs for FY2016 of c.£13m against the prior year

Whilst the remedial actions are beginning to deliver results, the full benefits will only be realised over the medium term.

Exceptional costs totalled £14.2m before taxation (2014: £3.7m), and they are included within administrative costs. The programme to reconfigure the depot network has continued in the period, incurring exceptional costs of £2.2m. Costs relating to changing the management structure totalled £3.3m, with the balance of £8.7m incurred in providing for losses on disposal of fleet and the write-off of debts in the International division. This is covered in more detail in the Financial Review.

Our remaining Oil and Gas operation in the Middle East continues to trade at break even.

Results and Dividend

Revenue for the period was £165.0m (2014: £189.3m). UK and Ireland revenue declined by 12.0% to £155.2m (2014: £176.3m), reflecting a decline in core hire revenues, but was also affected by reduced revenues from planned disposals compared to the prior period (2015: £2.1m, 2014: £6.0m). The decline in International revenue reflects the strategy announced in November 2014 to concentrate on Oil and Gas markets.

EBITDA before exceptional costs was £25.6m (2014: £37.5m). Profit before tax, amortisation and exceptional costs for the period was £2.0m (2014: £10.3m).

Earnings per share before amortisation and exceptional costs were 0.29 pence (2014: 1.39 pence).

The interim dividend has been maintained at 0.30 pence per share to be paid on 29 January 2016 to shareholders on the register as at 18 December 2015.

Balance Sheet and Debt Facilities

As at 30 September 2015, net debt was £102.6m (30 September 2014: £104.4m) giving a net debt to EBITDA ratio of 1.69x (2014: 1.38x), on a rolling basis.

The Group continues to operate well within its banking facilities having last year undertaken a re-financing which secured a new £180m 5-year asset-based revolving facility at an improved margin and with agreements in place to support additional funding, if required.

Operations

We have reduced the UK and Ireland headcount since the year end by 298 to 3,167. The reduction has been across the business with a significant cost saving coming from senior and middle management levels. For the full year administrative costs are expected to be c.£13m below the prior year.

As well as implementing the remedial action programmes referred to above, I have taken the opportunity to review progress overall on the business improvement programmes put in place by the previous management.

It was clear that the programmes needed to attach a greater priority to our customers' needs.

We are now rolling out a three-part customer focussed strategy which is essential in a business with over 50,000 customers ranging from large corporations to sole traders.

- *Service*

We are prioritising improvements to customer service throughout the organisation. It is imperative that our decisions are based on what is best for the customer and that everything we do as an organisation is customer focussed.

Initiatives ranging from in-store hospitality, to reducing paperwork for the customer and the time it takes to hire a piece of equipment will improve the Speedy customer experience and enhance customer satisfaction.

- *Differentiation and innovation*

Whilst we continue to deliver innovation in the products we bring to our customers, we operate in a commodity driven market with few barriers to entry. We are therefore working on bringing innovation to the service we deliver to our customers, and putting in place measures to improve our systems and processes to make it easy for our customers to do business with us.

We are investing time in talking to our customers, and asking them what they need and want from Speedy. Based on their feedback we are working on a number of initiatives that will introduce new value added products and services that will increasingly differentiate Speedy from its peer group.

- *Relationships*

We have not invested sufficiently in developing and building long term customer relationships across our customer base. We need to increase the levels of repeat business by anticipating our customers' needs through getting to know them better.

As part of this focus on all customers, from our national Strategic clients to our 50,000 strong SME base, we will be upgrading our Customer Relationship Management systems which will assist with availability of equipment based on real-time intelligence as we build relationships from the ground up.

Board and People

Mark Rogerson stepped down as Chief Executive Officer on 1 July 2015. On the same date Jan Åstrand, who joined the Board and became Non-Executive Chairman in November 2014, was appointed Executive Chairman and I was appointed Chief Executive in addition to my role as Group Finance Director.

We are making progress in selecting a new Group Finance Director and will make an appointment on an interim basis ahead of a full-time replacement being announced.

I would like to thank all of our people for their commitment and resilience over a very difficult period. We still have a long way to go and a lot of hard work ahead of us.

Outlook

Following a disappointing and challenging start to the year, reflected in the results we are announcing today, we are beginning to see the benefits of the remedial actions put in place to address various legacy issues.

These are early days in the Group's recovery and the full benefits will only be realised over the medium term. However, remedial actions implemented to date have started to stabilise our revenue base and we are expecting to see an improvement in the second half.

Whilst our markets remain competitive, Speedy remains a fundamentally good business which in a more lean, efficient and customer-focussed form, has the potential to once again deliver sustainable profitable growth.

Russell Down
Chief Executive

Financial review

Results

Revenue for the period decreased by 12.8% to £165.0m (2014: £189.3m) as a result of lower hire revenue in UK and Ireland, and the concentration on Oil and Gas business in the International division. Revenues from planned disposals amounted to £2.1m (2014: £6.0m).

Gross margin decreased to 57.0% (2014: 58.5%) reflecting a slight decline in core hire margins together with a greater proportion of lower margin services. The resulting gross profit of £94.1m (2014: £110.7m) declined by 15.0%.

Group operating profit before amortisation and exceptional costs decreased to £4.5m (2014: £13.8m). Profit before taxation, amortisation and exceptional costs decreased to £2.0m (2014: £10.3m). After taxation, amortisation and exceptional costs, the Group made a loss of £11.4m compared to a profit of £2.9m during the same period in 2014.

Adjusted earnings per share before amortisation and exceptional costs were 0.29 pence (2014: 1.39 pence) with the basic loss per share after exceptional costs and amortisation of 2.21 pence (2014: earnings per share 0.56 pence).

Segmental analysis

The Group's segmental reporting is reported as UK and Ireland Asset Services and International Asset Services. The figures in the tables below are presented before corporate costs.

UK and Ireland Asset Services	6 months ended 30 September 2015 £m	6 months ended 30 September 2014 £m
Revenue	155.2	176.3
EBITDA ¹	26.6	40.7
EBITA ¹	7.0	20.3

¹ before exceptional costs

Revenue in UK and Ireland Asset Services totalled £155.2m, representing a decline of 12.0% (10.1% before planned fleet disposals). EBITA margin before exceptional costs was 4.5% (2014: 11.5%).

International Asset Services	6 months ended 30 September 2015 £m	6 months ended 30 September 2014 £m
Revenue	9.8	13.0
EBITDA ¹	1.3	(0.3)
EBITA ¹	0.1	(3.3)

¹ before exceptional costs

Revenue in International Asset Services decreased by 24.6% to £9.8m (2014: £13.0m), as a result of the decision to exit the loss-making general and spot hire market in the second half of FY2015. The retained core hire activity is now profitable, and supported by a wider Partnered Services business which represents an increased proportion of overall activity.

Exceptional costs

Exceptional costs totalled £14.2m before taxation (2014: £3.7m), and they are included within administrative costs.

The programme to reconfigure the depot network has continued in the period, incurring exceptional costs of £2.2m. Costs relating to changing the management structure totalled £3.3m, with the balance of £8.7m incurred in providing for losses on disposal of fleet and the impairment of a receivable as part of the International asset disposals in February 2015, together with outstanding trading balances.

The Group has made the impairment following default by the purchaser on outstanding payments. The Group continues to pursue payment of the outstanding amounts, however in the absence of any assurances regarding likely settlement, a provision has been made against balances outstanding amounting to £7.5m.

Interest and taxation

Interest expense in the period fell to £2.8m (2014: £4.2m) as a result of the refinance in September 2014.

The tax credit for the period (£2.1m) represents an effective tax rate of 42.9% pre-exceptional costs (2014: 34.4%); 15.6% post exceptional costs. This has been calculated by reference to the projected charge for the full year ending 31 March 2016.

Dividend

The Board has maintained the interim dividend at 0.30 pence per share, a total cash cost of approximately £1.6m. The FY16 interim dividend will be paid on 29 January 2016 to shareholders on the register on 18 December 2015.

Capex and disposals

Purchases of property, plant and equipment during the period amounted to £43.4m (2014: £48.4m), of which £37.7m (2014: £39.1m) related to investment in equipment for hire and the balance principally to investment in IT infrastructure and improvements to the property network.

Proceeds from the disposal of property, plant and equipment amounted to £9.3m in the period (2014: £11.2m). Group net capex totalled £34.1m (2014: £37.2m). Asset disposals generated a loss of £0.4m (2014: gain £1.8m) against their carrying value.

Cash flow and net debt

Cash from operations before changes in hire fleet amounted to £41.7m (2014: £25.9m) reflecting an improvement in the management working capital compared to the prior period. After investment in hire fleet, the depot network and IT, free cash flow (before dividends and financing activities) amounted to an inflow of £5.0m (2014: outflow £19.0m).

Net debt reduced in the period to £102.6m (31 March 2015: £105.3m) with net debt to EBITDA (rolling 12 months) at 1.69x (31 March 2015: 1.45x) and gearing increasing slightly to 46.7% (31 March 2015: 45.0%).

Headroom within the Group's committed £180m bank facility amounted to £56.4m at 30 September 2015 (31 March 2015: £55.0m). The facility contains 'springing' covenants in respect of Leverage and Fixed Charge cover, which are only tested if headroom on the facility is less than £18m. The facility is currently covenant-free.

Balance sheet

Net assets at 30 September 2015 totalled £219.8m (31 March 2015: £234.0m), equivalent to 42.10p per share. Net debt/net tangible fixed assets is 0.38x at 30 September 2015 (31 March 2015: 0.38x), underlining the strong asset backing within the business.

Net capex in the period was £13.0m (2014: £14.6m) above the Group's depreciation charge. Net property, plant and equipment amounted to £267.4m at 30 September 2015 and is therefore higher than at the beginning of the period (£253.3m). Equipment for hire represents approximately 84% (31 March 2015: 84%) of net property, plant and equipment of which £9.6m (31 March 2015: £8.6m) relates to International Asset Services.

Intangible assets have been tested for impairment at 30 September 2015 on a basis consistent with March 2015. Changes to the discount rate and revisions to forecast cash flows in the period have reduced the surplus recoverable amount over carrying value of assets for the UK and Ireland division.

Gross trade receivables totalled £97.3m at 30 September 2015 (30 September 2014: £106.7m). Bad debt and credit note provisions totalled £13.5m at 30 September 2015 (30 September 2014: £5.9m), equivalent to 13.9% of the debtor book, including provisions made through exceptional items in the period (2014: 5.5%).

Principal risks and uncertainties

The Group faces a number of risks and uncertainties which could have a material impact upon its long-term performance. These risks are both internal and external. The Board has an established set of processes which assists in the identification, evaluation and management of these risks.

The principal risks and uncertainties facing the Group at 31 March 2015 were set out on pages 31 to 33 of the 2015 Annual Report (a copy of which is available from the Group's website at www.speedyservices.com). These risks remain valid as regards their potential to impact the Group during the second half of the current financial year and no new significant risks have been identified during the current period.

Interim condensed consolidated income statement

	Note	Six months ended 30 September 2015			Six months ended 30 September 2014		
		Before Exceptional items £m	Exceptional items £m	Total £m	Before Exceptional items £m	Exceptional items £m	Total £m
Total revenue		167.1	-	167.1	190.8	-	190.8
Less: share of jointly controlled entity's revenue		(2.1)	-	(2.1)	(1.5)	-	(1.5)
Revenue	4	165.0	-	165.0	189.3	-	189.3
Cost of sales		(70.9)	-	(70.9)	(78.6)	-	(78.6)
Gross profit		94.1	-	94.1	110.7	-	110.7
Distribution costs		(16.3)	-	(16.3)	(18.2)	-	(18.2)
Administrative costs		(74.6)	(14.2)	(88.8)	(80.0)	(3.4)	(83.4)
Analysis of operating profit							
Operating profit before amortisation and exceptional costs		4.5	-	4.5	13.8	-	13.8
Amortisation		(1.3)	-	(1.3)	(1.3)	-	(1.3)
Exceptional costs	3	-	(14.2)	(14.2)	-	(3.4)	(3.4)
Operating profit / (loss)		3.2	(14.2)	(11.0)	12.5	(3.4)	9.1
Share of results of jointly controlled entities		0.3	-	0.3	0.4	-	0.4
Profit/(loss) from operations		3.5	(14.2)	(10.7)	12.9	(3.4)	9.5
Financial expense	3,5	(2.8)	-	(2.8)	(3.9)	(0.3)	(4.2)
Profit/(loss) before taxation		0.7	(14.2)	(13.5)	9.0	(3.7)	5.3
Taxation	6	(0.3)	2.4	2.1	(3.1)	0.7	(2.4)
Profit/(loss) for the financial period		0.4	(11.8)	(11.4)	5.9	(3.0)	2.9
Earnings per share							
- Basic (pence)	7			(2.21)			0.56
- Diluted (pence)	7			(2.21)			0.54
Non-GAAP performance measures							
EBITDA before exceptional costs	9	25.6			37.5		
Profit before tax, amortisation and exceptional costs	9	2.0			10.3		
Adjusted earnings per share (pence)	7	0.29			1.39		

Interim condensed consolidated income statement (continued)

	Note	Year ended 31 March 2015		Total £m
		Before Exceptional items £m	Exceptional items £m	
Total revenue		378.5	11.0	389.5
Less: share of jointly controlled entities' revenue		(3.5)	-	(3.5)
Revenue	4	375.0	11.0	386.0
Cost of sales		(157.9)	(17.2)	(175.1)
Gross profit		217.1	(6.2)	210.9
Distribution costs		(35.1)	-	(35.1)
Administrative costs		(158.3)	(10.6)	(168.9)
Analysis of operating profit				
Operating profit before amortisation and exceptional costs		26.4	-	26.4
Amortisation		(2.7)	-	(2.7)
Exceptional costs	3	-	(16.8)	(16.8)
Operating profit		23.7	(16.8)	6.9
Share of results of jointly controlled entities		0.6	-	0.6
Profit from operations		24.3	(16.8)	7.5
Financial expense	3,5	(5.1)	(0.3)	(5.4)
Profit before taxation		19.2	(17.1)	2.1
Taxation	6	(5.2)	3.3	(1.9)
Profit for the financial period		14.0	(13.8)	0.2
Earnings per share				
- Basic (pence)	7			0.04
- Diluted (pence)	7			0.04
Non-GAAP performance measures				
EBITDA before exceptional costs	9	72.7		
Profit before tax, amortisation and exceptional costs	9	21.9		
Adjusted earnings per share (pence)	7	3.23		

Interim condensed consolidated statement of comprehensive income

	Six months ended 30 September 2015 £m	Six months ended 30 September 2014 £m	Year ended 31 March 2015 £m
(Loss) / profit for the financial period	(11.4)	2.9	0.2
Other comprehensive income that may be reclassified subsequently to the Income Statement:			
- Effective portion of change in fair value of cash flow hedges	(0.1)	-	(0.3)
- Exchange difference on retranslation of foreign operations	(1.0)	0.7	(2.7)
Other comprehensive income, net of tax	(1.1)	0.7	(3.0)
Total comprehensive (loss)/income for the financial period	(12.5)	3.6	(2.8)

Interim condensed consolidated balance sheet

		30 September 2015 £m	30 September 2014 £m	31 March 2015 £m
	Note			
ASSETS				
Non-current assets				
Intangible assets		47.3	50.0	48.6
Investment in jointly controlled entities		4.9	4.4	5.2
Property, plant and equipment				
- Hire equipment	10	224.9	242.3	212.3
- Non-hire equipment	10	42.5	35.2	41.0
Deferred tax assets		1.1	1.3	1.1
		<u>320.7</u>	<u>333.2</u>	<u>308.2</u>
Current assets				
Inventories		8.2	10.3	9.5
Trade and other receivables		95.8	112.6	114.5
Current tax assets		0.7	-	-
Assets held for sale		-	-	1.9
Cash	11	15.6	1.8	0.2
		<u>120.3</u>	<u>124.7</u>	<u>126.1</u>
Total assets		<u>441.0</u>	<u>457.9</u>	<u>434.3</u>
LIABILITIES				
Current liabilities				
Borrowings	11	-	-	(1.6)
Other financial liabilities		(0.5)	(0.1)	(0.4)
Trade and other payables		(90.9)	(94.0)	(80.2)
Provisions		(2.2)	(1.7)	(2.9)
Liabilities held for sale		-	-	(0.1)
Current tax liabilities		-	(2.9)	(0.8)
		<u>(93.6)</u>	<u>(98.7)</u>	<u>(86.0)</u>
Non-current liabilities				
Borrowings	11	(118.2)	(106.2)	(103.9)
Trade and other payables		(0.6)	(1.2)	(0.7)
Provisions		(1.6)	(0.7)	(1.3)
Deferred tax liabilities		(7.2)	(9.5)	(8.4)
		<u>(127.6)</u>	<u>(117.6)</u>	<u>(114.3)</u>
Total liabilities		<u>(221.2)</u>	<u>(216.3)</u>	<u>(200.3)</u>
Net assets		<u>219.8</u>	<u>241.6</u>	<u>234.0</u>
EQUITY				
Share capital		26.1	26.0	26.1
Share premium		191.1	190.9	191.0
Merger reserve		1.0	1.0	1.0
Hedging reserve		(0.7)	(0.4)	(0.6)
Translation reserve		(2.9)	1.5	(1.9)
Retained earnings		5.2	22.6	18.4
		<u>219.8</u>	<u>241.6</u>	<u>234.0</u>

Interim condensed consolidated statement of changes in equity

	Share capital £m	Share premium £m	Merger reserve £m	Hedging reserve £m	Translation reserve £m	Retained Earnings £m	Total equity £m
At 1 April 2014	26.0	190.9	1.0	(0.4)	0.8	21.0	239.3
Total comprehensive income	-	-	-	-	0.7	2.9	3.6
Dividends	-	-	-	-	-	(1.8)	(1.8)
Equity settled share-based payments	-	-	-	-	-	0.5	0.5
At 30 September 2014	26.0	190.9	1.0	(0.4)	1.5	22.6	241.6
Total comprehensive loss	-	-	-	(0.3)	(3.4)	(2.7)	(6.4)
Dividends	-	-	-	-	-	(1.6)	(1.6)
Tax on items taken directly to equity	-	-	-	0.1	-	(0.1)	-
Equity settled share-based payments	-	-	-	-	-	0.2	0.2
Issue of shares under the Sharesave Scheme	0.1	0.1	-	-	-	-	0.2
At 31 March 2015	26.1	191.0	1.0	(0.6)	(1.9)	18.4	234.0
Total comprehensive loss	-	-	-	(0.1)	(1.0)	(11.4)	(12.5)
Dividends	-	-	-	-	-	(2.0)	(2.0)
Equity settled share-based payments	-	-	-	-	-	0.2	0.2
Issue of shares under the Sharesave Scheme	-	0.1	-	-	-	-	0.1
At 30 September 2015	26.1	191.1	1.0	(0.7)	(2.9)	5.2	219.8

Interim condensed consolidated statement of cash flow

	Six months ended 30 September 2015 £m	Six months ended 30 September 2014 £m	Year ended 31 March 2015 £m
Cash generated from operating activities			
(Loss) / profit before tax	(13.5)	5.3	2.1
Financial expense	2.8	4.2	5.4
Amortisation	1.3	1.3	2.7
Depreciation	21.1	23.7	46.3
Share of profit of equity accounted investees	(0.3)	(0.4)	(0.6)
Loss/ (profit) on disposal of hire equipment	0.4	(1.8)	1.8
Decrease in inventories	1.3	1.5	2.3
Decrease/(increase) in net assets held for sale	1.8	-	(1.8)
Decrease/(increase) in trade and other receivables	18.7	(19.2)	(21.1)
Increase in trade and other payables	8.3	10.8	3.4
Movement in provisions	(0.4)	-	1.8
Equity-settled share-based payments	0.2	0.5	0.7
Purchase of hire equipment	(37.7)	(39.1)	(68.6)
Proceeds from sale of hire equipment	9.0	11.2	38.9
Cash generated from operations	13.0	(2.0)	13.3
Interest paid	(2.6)	(5.0)	(5.1)
Tax paid	(0.6)	(2.7)	(5.2)
Net cash flow from operating activities	9.8	(9.7)	3.0
Cash flow from investing activities			
Purchase of non-hire property, plant and equipment	(5.7)	(9.3)	(19.1)
Disposal of non-hire property, plant and equipment	0.3	-	0.9
Movement in investment in jointly controlled entity	0.6	-	(1.0)
Net cash flow to investing activities	(4.8)	(9.3)	(19.2)
Net cash flow before financing activities	5.0	(19.0)	(16.2)
Cash flow from financing activities			
Drawdown of loans	214.1	372.6	596.3
Payment of loans	(200.2)	(352.6)	(580.8)
Proceeds from the issue of Sharesave Scheme shares	0.1	-	0.1
Dividends paid	(2.0)	(1.8)	(3.4)
Net cash flow from financing activities	12.0	18.2	12.2
Increase/(decrease) in cash and cash equivalents	17.0	(0.8)	(4.0)
(Overdraft)/cash at the start of the period	(1.4)	2.6	2.6
Cash/(overdraft) at the end of the period	15.6	1.8	(1.4)
Analysis of cash and cash equivalents			
Cash	11	15.6	1.8
Bank overdraft	11	-	-
		15.6	1.8
			(1.4)

Interim reconciliation of net debt

	<i>Note</i>	Six months ended 30 September 2015 £m	Six months ended 30 September 2014 £m	Year ended 31 March 2015 £m
Net increase/(decrease) in cash and cash equivalents		17.0	(0.8)	(4.0)
Increase in debt	<i>11</i>	(13.9)	(18.3)	(15.5)
Amortisation of loan costs	<i>11</i>	(0.4)	(0.9)	(1.4)
Change in net debt during the period		2.7	(20.0)	(20.9)
Net debt at 1 April		(105.3)	(84.4)	(84.4)
Net debt at the end of the period		(102.6)	(104.4)	(105.3)

1 Basis of preparation

Speedy Hire Plc ('the Company') is a company incorporated and domiciled in the United Kingdom. The interim financial statements of the Company as at and for the six months ended 30 September 2015 comprise the Company and its subsidiaries (together referred to as 'the Group').

The financial statements of the Group for the year ended 31 March 2015 are available from the Company's registered office, or from the website: www.speedyservices.com.

The Group meets its day to day working capital requirements through operating cash flows, supplemented as necessary by borrowings. The Directors have prepared cash flow projections for the period to March 2017 which show that the Group is capable of continuing to operate within its existing loan facilities and can meet the covenant tests set out within the Facilities. The key assumptions on which the projections are based include an assessment of the impact of future market conditions on projected revenues and an assessment of the net capital investment required to support the expected level of revenues.

Whilst the Directors consider that there is a degree of subjectivity involved in their assumptions, on the basis of the above the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the interim financial statements.

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS34 Interim Financial Reporting as adopted by the European Union (EU) and the Disclosure and Transparency Rules (DTR) of the UK FCA. As required by the latter, the interim financial statements have been prepared applying the accounting policies and presentation that were applied in the Company's published consolidated financial statements for the year ended 31 March 2015 except as described below. They do not include all the information required for full annual financial statements, and should be read in conjunction with the Group's consolidated financial statements as at and for the year ended 31 March 2015.

The comparative figures for the financial year ended 31 March 2015 are not the Company's statutory accounts for that financial year. Those accounts which were prepared under IFRS as adopted by the EU (adopted IFRS) have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The interim report was approved by the Board of Directors on 9 November 2015.

Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 March 2015.

The International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee ('IFRIC') have not issued any standards or interpretations which have been endorsed by the EU at 30 September 2015, with an effective date of implementation after the date of these Financial Statements.

Seasonality

In addition to economic factors, revenues are subject to a small element of seasonal fluctuation largely driven by certain UK public holidays and their impact on the billing cycle, resulting in marginally fewer trading days in the second half of the year. In this financial year the Easter break fell into the first half of the year, helping to balance the trading impact of the Christmas and Easter break in the second half.

Whilst construction activity tends to increase in the summer months, the equipment range helps to mitigate the impact, specifically with heating, lighting and power generation products being more heavily required in the winter months. Overall, the Directors do not feel that these factors have a material effect on the performance of the Group when comparing first half results to those achieved in the second half.

2 Changes in estimates

The preparation of interim financial statements requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the interim financial statements, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty for the consolidated financial statements for the year ended 31 March 2015 continued to apply.

3 Exceptional items

During the period, exceptional administrative costs of £14.2m have been incurred as the business finalised the roll out of its new network structure, restructured its operations and provided for an impairment of a receivable as part of the International asset disposal, together with outstanding trading balances.

Exceptional costs of £2.2m were incurred in the period as the programme to reconfigure the depot network was finalised. These costs include provisions for onerous leases which remain as a result of the changes and costs relating to implementing the change programme.

Costs relating to changing the management structure totalled £3.3m, including redundancy costs and related expenditure.

Further costs have been incurred in exiting the International general and spot hire markets relating to disposals and professional fees, amounting to £1.2m.

The Group has made a provision against outstanding debts relating to International asset disposals in February 2015, together with outstanding trading balances, following default by the customer on outstanding payments. The Group continues to pursue payment of the outstanding amounts, however in the absence of any assurances regarding likely settlement, a provision has been made against balances outstanding amounting to £7.5m.

4 Segmental analysis

The segmental disclosure presented in the financial statements reflects the format of reports reviewed by the Chief Operating Decision Maker (CODM). UK and Ireland Asset Services deliver asset management, with tailored services and a continued commitment to relationship management. International Asset Services deliver major overseas projects and facilities management contracts by providing a managed site support service.

For the six months ended 30 September 2015

	UK and Ireland Asset Services £m	International Asset Services £m	Corporate items £m	Total £m
Revenue	155.2	9.8	-	165.0
Segment result:				
EBITDA before exceptional costs	26.6	1.3	(2.3)	25.6
Depreciation	(19.6)	(1.2)	(0.3)	(21.1)
Operating profit/(loss) before amortisation and exceptional items	7.0	0.1	(2.6)	4.5
Amortisation	(1.3)	-	-	(1.3)
Exceptional costs	(4.4)	(8.2)	(1.6)	(14.2)
Operating profit/(loss)	1.3	(8.1)	(4.2)	(11.0)
Share of results of jointly controlled entity	-	0.3	-	0.3
Trading profit/(loss)	1.3	(7.8)	(4.2)	(10.7)
Financial expense				(2.8)
Profit before tax				(13.5)
Taxation				2.1
Profit for the financial period				(11.4)
Intangible assets	47.3	-	-	47.3
Investment in jointly controlled entity	-	4.9	-	4.9
Hire equipment	215.3	9.6	-	224.9
Non-hire equipment	39.3	3.2	-	42.5
Taxation assets	-	-	1.8	1.8
Current assets	92.3	10.9	0.8	104.0
Cash	-	-	15.6	15.6
Total assets	394.2	28.6	18.2	441.0
Liabilities	(79.4)	(8.6)	(7.8)	(95.8)
Borrowings	-	-	(118.2)	(118.2)
Taxation liabilities	-	-	(7.2)	(7.2)
Total liabilities	(79.4)	(8.6)	(133.2)	(221.2)
Capital expenditure	41.0	2.4	-	43.4

4 Segmental analysis (continued)

For the six months ended 30 September 2014

	UK and Ireland Asset Services £m	International Asset Services £m	Corporate items £m	Total £m
Revenue	176.3	13.0	-	189.3
Segment result:				
EBITDA before exceptional costs	40.7	(0.3)	(2.9)	37.5
Depreciation	(20.4)	(3.0)	(0.3)	(23.7)
Operating profit/(loss) before amortisation and exceptional items	20.3	(3.3)	(3.2)	13.8
Amortisation	(1.3)	-	-	(1.3)
Exceptional costs	(2.3)	-	(1.1)	(3.4)
Operating profit/(loss)	16.7	(3.3)	(4.3)	9.1
Share of results of jointly controlled entity	-	0.4	-	0.4
Trading profit/(loss)	16.7	(2.9)	(4.3)	9.5
Financial expense				(4.2)
Profit before tax				5.3
Taxation				(2.4)
Profit for the financial period				2.9
Intangible assets	50.0	-	-	50.0
Investment in jointly controlled entity	-	4.4	-	4.4
Hire equipment	211.8	30.5	-	242.3
Non-hire equipment	32.1	3.1	-	35.2
Taxation assets	-	-	1.3	1.3
Current assets	110.5	11.7	0.7	122.9
Cash	-	-	1.8	1.8
Total assets	404.4	49.7	3.8	457.9
Liabilities	(83.4)	(8.8)	(5.5)	(97.7)
Borrowings	-	-	(106.2)	(106.2)
Taxation liabilities	-	-	(12.4)	(12.4)
Total liabilities	(83.4)	(8.8)	(124.1)	(216.3)
Capital expenditure	44.8	3.6	-	48.4

4 Segmental analysis (continued)

For the year ended 31 March 2015

	UK and Ireland Asset Services £m	International Asset Services £m	Corporate items £m	Total £m
Revenue before exceptional items	351.3	23.7	-	375.0
Exceptional revenue (note 3)	-	11.0	-	11.0
Total Revenue	351.3	34.7	-	386.0
Segment result:				
EBITDA before exceptional costs	78.0	(0.5)	(4.8)	72.7
Depreciation	(40.6)	(5.1)	(0.6)	(46.3)
Operating profit/(loss) before amortisation and exceptional items	37.4	(5.6)	(5.4)	26.4
Amortisation	(2.7)	-	-	(2.7)
Exceptional costs	(7.2)	(8.4)	(1.2)	(16.8)
Operating profit/(loss)	27.5	(14.0)	(6.6)	6.9
Share of results of jointly controlled entity	-	0.6	-	0.6
Trading profit/(loss)	27.5	(13.4)	(6.6)	7.5
Financial expense				(5.1)
Exceptional financial expense				(0.3)
Profit before tax				2.1
Taxation				(1.9)
Profit for the financial year				0.2
Intangible assets	48.6	-	-	48.6
Investment in jointly controlled entity	-	5.2	-	5.2
Hire equipment	203.7	8.6	-	212.3
Non-hire equipment	37.8	3.2	-	41.0
Taxation assets	-	-	1.1	1.1
Current assets	102.7	22.4	0.8	125.9
Cash	-	-	0.2	0.2
Total assets	392.8	39.4	2.1	434.3
Liabilities	(71.3)	(8.3)	(6.0)	(85.6)
Bank overdraft	-	-	(1.6)	(1.6)
Borrowings	-	-	(103.9)	(103.9)
Taxation liabilities	-	-	(9.2)	(9.2)
Total liabilities	(71.3)	(8.3)	(120.7)	(200.3)
Capital expenditure	83.1	4.6	-	87.7

4 Segmental analysis (continued)

Corporate costs comprise certain central activities and costs, which are not directly related to the activities of the operating segments.

The financing of the Group's activities is undertaken at head office level and consequently net financing costs cannot be analysed by segment. The unallocated net assets comprise principally working capital balances held by the Support Services function and are not directly attributable to the activities of the operating segments, together with net corporate borrowings and taxation.

Geographical information

In presenting geographical information, revenue is based on the geographical location of customers. Assets are based on the geographical location of the assets.

	Six months ended 30 September 2015		Six months ended 30 September 2014		Year ended 31 March 2015	
	Revenue £m	Total assets £m	Revenue £m	Total assets £m	Revenue £m	Total assets £m
UK	152.2	403.1	173.4	396.6	345.5	385.3
Ireland	3.0	9.0	2.9	10.1	5.8	9.6
Other countries	9.8	28.9	13.0	51.2	34.7	39.4
	165.0	441.0	189.3	457.9	386.0	434.3

Major customer

No one customer represents more than 10% of revenue, reported profit or combined assets of all reporting segments.

5 Financial expense

	Six months ended 30 September 2015 £m	Six months ended 30 September 2014 £m	Year ended 31 March 2015 £m
Interest on bank loans and overdrafts	2.0	2.1	4.1
Amortisation of issue costs	0.3	0.9	1.2
	2.3	3.0	5.3
Hedge interest payable	0.2	0.2	0.3
Other finance costs	0.2	0.7	0.8
Foreign exchange losses/(gains)	0.1	-	(1.3)
Finance expense before exceptional costs	2.8	3.9	5.1
Exceptional finance expense	-	0.3	0.3
	2.8	4.2	5.4

6 Taxation

The corporation tax charge for the six months ended 30 September 2015 is based on an effective rate of taxation of 42.9% before exceptional items (2014: 34.4%); and 15.6% (2014: 45.3%) after exceptional items. This has been calculated by reference to the projected charge for the full year ending 31 March 2016, applying the applicable UK corporation tax rate of 20% (2014: 21%). Deferred tax is provided using the tax rates that are expected to apply to the period in which the liability is settled, based on the tax rates that have been enacted at the balance sheet date, 30 September 2015.

7 Earnings per share

The calculation of basic earnings per share is based on the losses attributable to equity holders of the Company of £11.4m (2014: earnings £2.9m) and the weighted average number of 5 pence ordinary shares in issue and is calculated as follows:

	Six months ended 30 September 2015	Six months ended 30 September 2014	Year ended 31 March 2015
(Loss)/profit (£m)			
(Loss)/profit for the period after tax – basic earnings	(11.4)	2.9	0.2
Intangible amortisation charge (after tax)	1.1	1.2	2.4
Exceptional items (after tax)	11.8	3.0	13.9
Adjusted earnings (after tax)	1.5	7.1	16.5
Weighted average number of shares in issue (m)			
At the beginning of the period	515.6	513.0	510.2
Change in weighted average number of ordinary shares	0.6	0.2	1.0
At the end of the period – basic number of shares	516.2	513.2	511.2
Share options	-	4.8	3.6
Employee share schemes	-	2.2	1.4
At the end of the period – diluted number of shares	516.2	520.2	516.2
Earnings per share (pence)			
Basic earnings per share	(2.21)	0.56	0.04
Amortisation	0.21	0.24	0.47
Exceptional costs	2.29	0.59	2.72
Adjusted earnings per share	0.29	1.39	3.23
Basic earnings per share	(2.21)	0.56	0.04
Share options	-	(0.01)	-
Employee share schemes	-	(0.01)	-
Diluted earnings per share	(2.21)	0.54	0.04
Adjusted earnings per share	0.29	1.39	3.23
Share options	-	(0.02)	-
Employee share schemes	-	(0.01)	(0.01)
Adjusted diluted earnings per share	0.29	1.36	3.22

Total number of shares outstanding at 30 September 2015 amounted to 522,018,657, including 4,221,525 shares held in the Employee Benefit Trust, which are excluded in calculating the earnings per share.

8 Dividends

The aggregate amount of dividend comprises:

	Six months ended 30 September 2015 £m	Six months ended 30 September 2014 £m	Year ended 31 March 2015 £m
2014 final dividend (0.35 pence on 520.4m ordinary shares)	-	1.8	1.8
2015 interim dividend (0.30 pence on 520.5m ordinary shares)	-	-	1.6
2015 final dividend (0.40 pence on 521.9m ordinary shares)	2.0	-	-
	<u>2.0</u>	<u>1.8</u>	<u>3.4</u>

Subsequent to the end of the period, and not included in the results for the period, the Directors have declared an interim dividend of 0.30 pence (2015 interim dividend: 0.30 pence) per share, to be paid on 29 January 2016 to shareholders on the register on 18 December 2015.

9 Non-GAAP performance measures

The Group believes that the measures below provide valuable additional information for users of the financial statements in assessing the Group's performance. The Group uses these measures for planning, budgeting and reporting purposes and for its internal assessment of the operating performance of the individual divisions within the Group.

	Six months ended 30 September 2015 £m	Six months ended 30 September 2014 £m	Year ended 31 March 2015 £m
Operating (loss)/profit	(11.0)	9.1	6.9
Add back: amortisation	1.3	1.3	2.7
Add back: exceptional costs	14.2	3.4	16.8
Operating profit before amortisation and exceptional costs	<u>4.5</u>	<u>13.8</u>	<u>26.4</u>
Add back: depreciation	21.1	23.7	46.3
EBITDA before exceptional costs	<u>25.6</u>	<u>37.5</u>	<u>72.7</u>
(Loss)/profit before tax	(13.5)	5.3	2.1
Add back: amortisation	1.3	1.3	2.7
Add back: exceptional costs – administrative costs	14.2	3.4	16.8
Add back: exceptional costs – financial expense	-	0.3	0.3
Profit before tax, amortisation and exceptional costs	<u>2.0</u>	<u>10.3</u>	<u>21.9</u>

10 Property, plant and equipment

	Land and buildings £m	Hire equipment £m	Other £m	Total £m
Cost				
At 1 April 2014	39.8	386.6	67.5	493.9
Foreign exchange	-	(0.1)	-	(0.1)
Additions	6.6	46.2	2.7	55.5
Disposals	-	(17.3)	-	(17.3)
Transfers to inventory	-	(5.1)	-	(5.1)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2014	46.4	410.3	70.2	526.9
Foreign exchange	0.2	(0.5)	-	(0.3)
Additions	7.1	20.7	2.6	30.4
Disposals	(1.4)	(30.6)	(0.2)	(32.2)
Transfers to inventory	-	(35.6)	-	(35.6)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2015	52.3	364.3	72.6	489.2
Foreign exchange	(0.1)	(0.1)	-	(0.2)
Additions	1.8	39.5	3.9	45.2
Disposals	(0.7)	(18.9)	(0.2)	(19.8)
Transfers to inventory	-	(4.0)	-	(4.0)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2015	53.3	380.8	76.3	510.4
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Depreciation				
At 1 April 2014	22.4	161.1	55.3	238.8
Foreign exchange	-	(0.1)	-	(0.1)
Charged in period	1.7	20.0	2.0	23.7
Disposals	-	(11.3)	-	(11.3)
Transfers to inventory	-	(1.7)	-	(1.7)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2014	24.1	168.0	57.3	249.4
Foreign exchange	(0.1)	(0.3)	-	(0.4)
Charged in period	1.2	19.3	2.1	22.6
Disposals	(0.7)	(20.0)	-	(20.7)
Transfers to inventory	-	(15.0)	-	(15.0)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2015	24.5	152.0	59.4	235.9
Foreign exchange	-	0.1	-	0.1
Charged in period	1.6	17.3	2.2	21.1
Disposals	(0.4)	(11.5)	(0.2)	(12.1)
Transfers to inventory	-	(2.0)	-	(2.0)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2015	25.7	155.9	61.4	243.0
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book value				
At 30 September 2015	27.6	224.9	14.9	267.4
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2015	27.8	212.3	13.2	253.3
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 30 September 2014	22.3	242.3	12.9	277.5
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

11 Borrowings

	30 September 2015 £m	30 September 2014 £m	31 March 2015 £m
<i>Current borrowings</i>			
Bank overdraft	-	-	1.6
<i>Non-current borrowings</i>			
Maturing between two and five years - Asset backed facilities	118.2	106.2	103.9
Total non-current borrowings	118.2	106.2	103.9
Total borrowings	118.2	106.2	105.5
Less: cash	(15.6)	(1.8)	(0.2)
	102.6	104.4	105.3

The Facility is secured by a fixed and floating charge over all the UK and Ireland assets and the overdraft and asset based revolving credit facility are rated pari passu.

The £180m asset based revolving credit facility is sub divided into:

- (i) A secured overdraft facility, provided by Barclays Bank Plc which secures by cross guarantees and debentures the bank deposits and overdrafts of the Company and certain subsidiary companies up to a maximum of £5m.
- (ii) An asset based revolving credit facility of up to £175m. The availability of this facility is dependent upon the Group's hire equipment and trade receivables. The headroom on this facility as at 30 September 2015 was £51.4m (2014: £59.3m) based on the Group's eligible hire equipment and trade receivables.

The asset based Facility is for £180m, but is reduced to the extent that any ancillary facilities are provided, and is repayable in September 2019, with no prior scheduled repayment requirements. The asset based Facility defines 'springing' covenants in respect of Leverage and Fixed Charge cover, which are only tested in the event that headroom on the facility is less than £18m. The Facility is currently covenant-free given the headroom at 30 September 2015 on this facility was £51.4m. The secured overdraft facility was undrawn at 30 September 2015.

Interest on the Facility is calculated by reference to the London Inter Bank Offer Rate applicable to the period drawn, plus a margin of 170 to 275 basis points, depending on leverage and on the components of the borrowing base. During the period, the effective margin was 2.41% (2014: 3.06%).

14 Contingent liabilities

The Group has given warranties (including taxation warranties and indemnities) in relation to the disposal of certain businesses in prior years. These warranties and indemnities expire at various dates up to 2018.

In the normal course of business, the Company and certain subsidiaries have given performance bonds issued on behalf of Group companies and parental guarantees have been given in support of the contractual obligations of Group companies on both a joint and a several basis.

The Directors do not consider any provision is necessary in respect of guarantees and bonds.

15 Commitments

The Group had contracted capital commitments amounting to £6.9m (2014: £10.6m) at the end of the financial period for which no provision has been made.

16 Related party disclosures

Consistent with the announcement on 1 July 2015 in respect of Russell Down replacing Mark Rogerson as Chief Executive and Jan Åstrand's appointment as Executive Chairman, the salary/fee level for Russell Down and Jan Åstrand were amended in line with the shareholder approved Remuneration Policy. Full details of Mark Rogerson's termination arrangements are disclosed on the Company's website and in this regard, £0.4m was charged as an exceptional item during the period being payable over the 12 months following termination.

Other than the changes above there has been no significant change to the nature and size of related party transactions, including the remuneration provided to the key management, from that disclosed in the 2015 Annual Report.

Directors' Responsibilities

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS34 Interim Financial Reporting as adopted by the EU;

- the interim management report includes a fair review of the information required by:

(a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last Annual Report that could do so.

Russell Down
Director
9 November 2015

Independent Review Report by KPMG LLP to Speedy Hire Plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2015 which comprises the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated balance sheet, the interim condensed consolidated cash flow statement, the interim condensed consolidated statement of changes in equity and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA"). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS34 Interim Financial Reporting as adopted by the EU.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2015 is not prepared, in all material respects, in accordance with IAS34 as adopted by the EU and the DTR of the UK FCA.

Nicola Quayle

for and on behalf of KPMG LLP

Chartered Accountants

1 St Peter's Square, Manchester, M2 3AE
